

# Honolulu Star-Bulletin

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## Retired General Tells Jury of His Trust in Rewald

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A retired three-star Air Force general who commanded the Pacific air forces described to a federal court jury this morning how he came to know and trust Ronald Rewald.

That trust led Lt. Gen. Arnold Braswell to lose more than \$100,000 when Bishop, Baldwin, Rewald, Dillingham & Wong collapsed in 1983.

Braswell's testimony came in the trial of Rewald on charges of fraud and perjury.

Rewald, in an affidavit sealed by the court, claims that Braswell's account was one of 17 used by the CIA to funnel money to agency projects.

Braswell, however, said that all of the money he put into the company was his own, including \$66,000 that he borrowed to take advantage of the high interest rates Rewald's company paid.

Braswell also said that he was planning to join Rewald's firm when he retired in July 1983.

BRASWELL AND a number of other high-ranking military officers got to know Rewald through an unusual route.

He said a group of friends got together in the fall of 1981 to try to help retired four-star Gen. Hunter Harris recover from alcoholism. The group was concerned that Harris was no longer capable of handling his personal affairs and finances, Braswell said.

Braswell said he met Rewald through Harris, who had met Rewald at polo matches.

He said he was impressed with Rewald because Rewald appeared to be compassionate, generous and successful. Rewald agreed to handle Harris's finances and paid all of Harris's outstanding bills.

After the initial meeting, Braswell said he and Rewald began to meet socially. Once Braswell invited Rewald to a dinner party at Hickam Air Force Base and was surprised when Rewald arrived in a chauffeur-driven limousine followed by a car containing two bodyguards.

Braswell said he was appreciative when Rewald in March 1982 allowed him to invest in Bishop, Baldwin. He said he had thought the company "was out of my league."

Over the next year, Braswell put \$143,000 of his money into the company and convinced his children and relatives to invest.

EARLIER THIS morning, the government shifted its case from cloak-and-dagger testimony to bed-and-blanket testimony.

After days of hearing CIA witnesses testify, the jury heard Shane Diamond Emerald described how Rewald paid her \$500 per encounter to have sex with him.

Once, when she had a flat tire on her way to the rendezvous, he agreed to pay her \$1,000, she testified.

After Rewald cut off the arrangement, Emerald, who says she is a writer of children's books, sent Rewald a letter demanding a "settlement." In the letter, she stated that she had kept copies of all of the checks he had given her and would send them to someone.

She said Rewald did agree to meet with her again but that she did not get any more money from him.

She is the second woman to testify that Rewald paid for sex. Earlier in the trial, Ramona Gonzales testified that Rewald paid her \$1,000 a month to have sex with him.

THE CIA thought it had found the perfect company to provide cover for one of its West Coast agents when it came across Rewald's CMI Corp.

The agency was in such a rush to get the cover in place that it took Rewald's word that CMI was a subsidiary of a large, well-established Hawaiian company.

A number of previously classified CIA documents admitted into evidence in the trial this week describe how the CIA blundered its way into using Rewald's companies for cover. That cover and others were exposed when Bishop, Baldwin collapsed in 1983 and hundreds of investors lost millions of dollars.

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Rewald claims that the CIA ordered him to set up Bishop, Baldwin and used it as a CIA cover for a number of operations. But secret cables between various CIA divisions reveal how lackadaisical the agency was in forging ties with a businessman with an unproven record of cooperation.

John Mason, a career CIA agent currently working for the agency on contract, described from the witness stand how he went about setting up cover for agent Charles Richardson in the summer of 1979.

IT WAS THE same year that Rewald established a close personal relationship with Jack Kindschi, head of the Honolulu CIA field office. And it was Kindschi's failure to adequately check Rewald's background that led the agency to rely on Rewald when it found itself in urgent need of a cover facility.

Richardson, whose CIA alias was Richard Cavanaugh, needed a "commercial cover" by June 1979 for an operation that has not been disclosed. But whatever it was, there was an immediate need, judging from the cables.

Richardson was seeking a company that he could be associated with which would allow him to hand out business cards and phone numbers. The "target," or person Richardson was trying to do business with, would "want to establish first that Richardson has a responsible position in a reputable commercial firm," according to a May 1979 cable. Richardson also wanted to be able to claim to be a "special assistant" to an actual individual "with substantial political stature," the cable says.